REPORT OF THE INDEMNITIES AND ALLOWANCES COMMISSION

DECEMBER, 2002

November 29, 2002

Hon. Mildred Dover, M.L.A.
Speaker of the Legislative Assembly
P.O. Box 2000
Charlottetown, P.E.I.
C1A 7N8

Dear Madam Speaker:

An Act to Amend the Legislative Assembly Act (1994) established an Indemnities and Allowances Commission. The Commission is required to report annually to the Speaker on or before the first day of December.

According to the Legislation, the Commission is to "review and determine" the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Deputy Speaker, the Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip, Opposition Whip and the Leader of the Third Party.

The Commission has completed its review of the remuneration and benefits as defined in Section 46 of the Legislative Assembly Act.

As Chairman, I am pleased to transmit to you with this letter the 2002 Report which includes the Commission's decisions and the rationale for these decisions.

Respectfully Submitted,

Keith M. Boswell
Chairman

Albert M. Ferris
Commissioner

Michael F. Schurman
Commissioner

INTRODUCTION

A 1994 amendment to the Legislative Assembly Act established the Indemnities and Allowances Commission. This Commission, as mandated by Section 46(1), is to "review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Deputy Speaker, the Leader of the Opposition, Government House Leader, Opposition House Leader, Leader of a Third Party, Government Whip and Opposition Whip".

Remuneration and benefits are defined by the legislation to include"salaries, indemnities, allowances and pension benefits."

As required by Section 46(6), the Commission meets "annually and at such other times as the Speaker may request, ... [to] carry out a review of remuneration and allowances ... and ... on or before the first day of December of each year deliver[s] a report to the Speaker which shall be final and binding."

The Commission presented its eighth report to the Speaker in the fall of 2001; that report contained a 3.25% increase in Members' indemnities and allowances.

In preparation for the 2002 report to the Speaker, the Commission placed advertisements in local newspapers in September inviting the general public to present its views on the remunerations of the members.

DEFINITIONS

In the sections that follow, "indemnities" refers to payments made to all Members of the Legislative Assembly to carry out their basic responsibilities as MLAs. These payments are taxable.

"Salaries" refers to payments that are made to Members of Executive Council, the Speaker, Deputy Speaker, Leader of the Opposition, Leader of a Third Party, and those other Members who hold special positions in the Legislative Assembly, or on Executive Council Committees. These payments are in addition to payments received by Members in the form of indemnities and are also taxable.

"Allowance" refers to additional monies paid to Members, such as MLA expense allowances and the mileage allowances. These payments are non-taxable.

MEMBERS INDEMNITIES AND ALLOWANCES

Table 1 indicates the current indemnities and (non-taxable) allowances for members in each of the Provinces as at October, 2001.

TABLE 1

MEMBERS' ANNUAL INDEMNITIES AND EXPENSE ALLOWANCE

Jurisdiction	Indemnity - Taxable	Expense Allowance non-taxable
Newfoundland	$43,866	$21,398
Nova Scotia	32,604	16,302
New Brunswick	39,550	19,775
Quebec	77,339	nil
Ontario	82,757	nil
Manitoba	64,250	nil
Saskatchewan	61,809	5,057
Alberta	42,204	21,102
British Columbia	72,100	nil
Prince Edward Island	35,090	10,635

Since the preparation of our last report in the fall of 2001 remuneration in the other jurisdictions has changed as follows:

Newfoundland - 2.5% increase
Nova Scotia - 2% increase
New Brunswick - 2.33% increase in indemnity and 7.1%increase in allowance
Quebec - 7.84% increase in indemnity
Ontario - 6% increase
Manitoba - 1.1% increase
Saskatchewan - 3.1% increase
Alberta - 2.8% increase
British Columbia - no change

Table 2 indicates the current salaries for Cabinet Ministers and the Premier in each of the Provinces as at October, 2001.

TABLE 2

SALARIES FOR MEMBERS OF THE EXECUTIVE COUNCIL AND THE LEADER OF THE OPPOSITION

Jurisdiction	Premier (Taxable)	Cabinet Minister (Taxable)
Newfoundland	$63,378	$45,950
Nova Scotia	54,644	38,930
New Brunswick	52,972	35,315
Quebec	81,206	58,004
Ontario	65,626	35,006
Manitoba	45,487	27,432
Saskatchewan	55,830	39,082
Alberta	65,892	51,792
British Columbia	45,000	39,000
Prince Edward Island	57,435	40,570

Since the preparation of our last report in the fall of 2001 remuneration in the other jurisdictions has changed as follows:

Newfoundland - 2.5% increase
Nova Scotia - 2% increase
New Brunswick - 2.33% increase
Quebec - 7.84% increase
Ontario - 6% increase
Manitoba - 1.1% increase
Saskatchewan - 3.1% increase
Alberta - 2.8% increase
British Columbia - No change

The Leader of the Opposition's salary is the same as a Cabinet Minister's in all Provinces except Ontario where it is 30% higher. The changes for the Premier, Cabinet Minister and Leader of the Opposition positions changed at the same rate as members' indemnities as per Table 1 in all other jurisdictions. British Columbia made no adjustment.

Table 3 indicates the current salaries for Speakers and Deputy Spencers in each of the Provinces as at October, 2002.

TABLE 3

SALARIES AND ALLOWANCES FOR SPEAKERS AND DEPUTY SPEAKERS

Jurisdiction	Speaker Salary		Deputy Speaker Salary	
Newfoundland	$45,950		$22,974	
Nova Scotia	38,930		19,470	
New Brunswick	26,487	+ $1,000 allowance	8,211	+$250 allowance
Quebec	58,004		27,069	
Ontario	25,820		12,248	
Manitoba	23,882		7,962	
Saskatchewan	33,497		11,165	
Alberta	51,792		25,896	
British Columbia	39,000		19,500	
Prince Edward Island	30,425		15,210	

The above salaries are taxable, while the allowance in New Brunswick is non-taxable.

The change in the salaries for Speakers and Deputy Speakers in the other jurisdictions was based on the same percentages as the changes to the members' indemnities as outlined in Table 1, except for British Columbia where there was no change.

SUMMARY

Compensation Comparison

	Member	Opposition Leader and Cabinet Minister	Premier
Newfoundland	$ 65,264	$111,214	$ 128,642
Nova Scotia	48,906	87,836	103,550
New Brunswick	59,325	94,640	112,297
Quebec	77,339	135,343	158,545
Ontario	82,757	117,763	148,383
Manitoba	64,250	92,682	109,737
Saskatchewan	66,866	105,948	122,696
Alberta	63,306	115,098	129,198
British Columbia	72,100	111,100	117,100
Prince Edward Island*	47,217	88,802	104,088
Average	**$ 64,733**	**$ 106,043**	**$ 123,424**
Per Cent of Average - PEI Members	**73%**	**84%**	**84%**

* The P.E.I. compensation used is the recommended amounts effective April 1, 2003.

The Commission has, in the past, compared public sector compensation for deputy ministers, clerks of the legislative assembles, nurses and teachers in P.E.I. with their counterparts in other jurisdictions. The percentage of averages based on using the same jurisdictions as the above MLA comparison is as follows:

Deputy Ministers	- between 68% and 71%
Teachers	- between 82% and 85%
Nurses	- between 90% and 93%
Clerks	- 63%

Pension Plan

The Commission tabled with its 2001 report the combined plan text for the new pension plan introduced in 1994 and the supplemental plan introduced in 1996. This new plan is indexed at a rate of CPI to a maximum of 8% during the period when the member is on an active or deferred basis. When receiving benefits the indexation is CPI less 2%.

In its 2001 Report, the Commission noted that the previous pension plan, which was closed in 1994, was then indexed at a rate of CPI less 2%, both during the active/deferred basis and benefit period. To ease the administrative burden and to make the accruing benefit rate comparable for both plans, the Commission recommended in its 2001 Report that the previous pension plan which was closed

in 1994 be amended retroactively to July 1, 1994, to match the current plan, that is, CPI to a maximum of 8% while deferred, and CPI less 2% while receiving benefits.

During the past year, the Commission has been considering other aspects of the pension plans in order to harmonize the eligibility and other provisions of the plans. The Commission anticipates that, during the next year, it will receive actuarial and other cost estimates of various changes to the plans to assist its review of possible changes in the future.

Third Party Leader

The Commission's decisions apply only to elected members of the Legislative Assembly. Accordingly, any reference to a Third Party Leader applies only upon his or her election to the Legislative Assembly.

Speaker, Deputy Speaker and Government House Leader

The Commission, as in previous years, has fixed the salary for the Speaker at a level which is 75% of a Cabinet Minister's salary. The Deputy Speaker's salary remains at a level of 50% of the Speaker's salary. Several Provinces fix the Speaker's salary at a level equal to that of a Cabinet Minister and the Commission will be investigating this matter further during the coming year.

The annual salary for the Government House Leader has not been adjusted this year. In 2001, this salary was increased to reflect that the position does not allow for remuneration for Executive Council Committee appointment.

Current Year Increase

The Commission is recommending a combined increase of approximately 3.25% for indemnities and allowances. This increase is in line with recent settlements reached with certain public service employee groups in the Province. The percentage increase for the allowance is somewhat greater than that applicable to indemnities, having regard to additional constituency duties following the change to single member districts in 1996. The percentage increase for annual salaries is 2.5%.

SUMMARY OF COMMISSION DECISIONS

1. That the annual indemnity (taxable) for Members of the Legislative Assembly shall be $35,967.

2. That the annual (non-taxable) allowance for members of the Legislative Assembly shall be $11,250.

3. That the Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $31,186.

4. That the Deputy Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $15,593.

5. That the Premier of the Province, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $58,871.

6. That a Cabinet Minister, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $41,585.

7. That the Leader of the Opposition, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $41,585.

8. That the Government House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $11,244; provided that the Member holding this position is not receiving a salary for any position identified in Section 45(4) of the Legislative Assembly Act, R.S.P.E.I. 1988, Cap. L-7, as amended (the "Act").

9. That the Opposition House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $3,936; provided that the Member holding this position is not receiving a salary for any other position identified in Section 45(4) of the Act.

10. That the Government Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $3,311; provided that the Member holding this position is not receiving a salary as a Cabinet Minister or as a member of an Executive Council Committee or for any other position identified in Section 45(4) of the Act.

11. That the Opposition Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $3,311; provided that the Member holding this position is not receiving a salary for any other position identified in Section 45 (4) of the Act.

12. That a Member (other than a Cabinet Minister) appointed to an Executive Council Committee, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $5,622; provided that the member serving on such Committee is not receiving a salary for any position identified in Section 45(4) of the Act.

13. That the Leader of a Third Party, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $15,718.

14. That the Premier and Cabinet Ministers shall be provided with a Government-owned or leased vehicle, or in lieu thereof, an allowance for the use of their own vehicle.

15. That the Leader of the Opposition shall be provided with a Government-owned or leased vehicle, or in lieu thereof, an allowance for the use of his or her own vehicle.

16. That the Speaker of the Legislative Assembly shall be provided with a Government-owned or leased vehicle, or in lieu thereof, an allowance for the use of his or her own vehicle.

17. That Members of the Legislative Assembly, other than the Premier, a Cabinet Minister, the Leader of the Opposition and the Speaker, shall receive a mileage allowance for use of their own vehicles, while attending sessions of the Legislative Assembly, or Committee meetings of the Assembly held on days when the House is not sitting or during the inter-session.

18. That Members receiving the mileage allowance referred to in No. 17 above shall receive such allowance at the prevailing civil service mileage rates and only for those days they attend the sitting of the House or a Committee thereof.

19. That Members shall receive payment, on a claim basis, for up to five (5) trips per month to Charlottetown when the House is not in session.

20. That the effective date for implementing the Decisions of this Report shall be April 1, 2003.